

## **BLOOMFIELD TOWN COUNCIL**

### **FINANCE SUBCOMMITTEE**

There was a regular meeting of the above referenced subcommittee held on Tuesday, April 21, 2014 at 5:30 p.m. in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Committee members present were: Deputy Mayor Gamble, Councilors DeLorenzo, Seldon and Merritt

Absent were: Councilor Hypolite

Also present were: Councilor Washington and Rivers, William Hogan, Director of Finance, Philip K. Schenck, Jr., Town Manager, and India Rodgers, Clerk of Council

Guest: Gerry Paradis – Blum Shapiro

The meeting was called to order at 5:35 p.m.

#### **Discussion with Town Auditor Blum Shapiro regarding June 30, 2013 audit and the audit plan for June 30, 2014**

Mr. Gerry Paradis of Blum Shapiro presented an update regarding the June 30, 2013 Audit. Blum Shapiro issued three reports and letter of standard communications with government auditing standards. There were no significant issues or concerns regarding this report.

There were two separate reports issued on state and federal grants. A review of all state and federal grants received by the town revealed no discrepancies of error. Grants reviewed were:

- Department of Economic & Community Development – Urban Actions Bond Program
- Department of Education – School Readiness Program
- Alliance District Funding Grant
- Magnet School Grant
- OPM LoCIP Program

Mr. Paradis suggested a review of the detailed schedules of assistance in the state and federal report. Approximately \$15.4M was received in state assistance for various programs. There were no significant findings in any of the federal programs such as pass through grants through the Board of Education of approximately \$3M.

The Cost Accounting, Financial Analysis and Reporting Manager (CAFAR) showed no significant changes and resulted in an unqualified opinion.

The report is an overview of fiscal management analysis and review for the fiscal year. The report contains all of the required elements of the GASB 34 for fair presentation of management discussion and analysis.

The town's general fund is in a good financial position resulting in 18.5% of unassigned fund balance as a ratio to the final expenditure budget. Most financial advisors are the experts in identifying this figure as an ideal range.

The fund balance did increase significantly from the prior year. The FEMA grant was received in full to increase revenue outlook in 2013.

Mr. Paradis suggested recommendations for review and how the town should prepare in the near future for discussions regarding:

2014 – Defined Benefit Plan – Pension standards will affect disclosures

2015 – Actuarial liability will be reviewed and recorded in the financial report under Exhibit 1 & 2

However, there is a significant figure that will be reported as the OPEB liability under the Defined Benefit Plan.

As of June 30, 2013, the town is currently funded at: 63% - Town of Bloomfield and 59.7% - Police, totaling \$4,000,000 in required contributions of the town.

Mr. Philip K. Schenck, Jr., Town Manager explained the issues with pension and retiree benefits. He also explained the importance of having transparencies with investors, government and residents as to the true liabilities. The town currently funds the required contributions every year. Mr. Schenck, Jr. also recommended working with various union contracts during negotiations to offer more cost sharing benefits as well as developing a plan for new hires

Mr. Paradis clarified new standards method with the possibility of eliminating the accounting for liabilities versus the funding.

Mr. William Hogan, Director of Finance inquired about the GASB 68 – Asset evaluation and the “smoothing” timeframe. Mr. Paradis explained that there is some basis for deferred “in flows” and “out flows” into the gains and losses on assets.

Mr. Schenck, Jr. also stated that the Other Post Employee Benefits (OPEB) has changed to the major focus of retiree health benefits. The town may consider opening a trust fund to handle the long term effects of funding obligations.

The committee briefly discussed information regarding legislative bills on Public Safety issues and benefit structures.

### **Audit Plan – June 30, 2014**

Mr. Paradis stated that a letter was issued to the Town Council – Finance Subcommittee for review of the following:

- Responsibilities of the Auditor and the Town of Bloomfield
- Audit approach
- Other services
- Board of Education year-end report
- Management responsibility
- Areas of Focus
- Timing of Audit
- Engagement team
- Communications
- Knowledge of Fraud
- Current year standard changes

- GASB 65 – New Balance Sheet captions
- GASB 67 – Additional footnotes on disclosures for defined benefit plans
- GASB 68 – Implementation in the subsequent year

There was also a general discussion regarding the proposed Uniformed Chart of Accounts.

Mr. Paradis stated that the purpose of the Uniformed Chart of Accounts is to establish a format for general ledger financial reporting.

The State of Connecticut will develop a data warehouse and a crosswalk for the 169 towns and municipalities, including boards of education, regional and charter schools. The crosswalk will utilize the Uniformed Chart of Accounts.

The State of Connecticut is reviewing a three step approach to incorporate this project.

The goal of this newly proposed system is to develop a benchmarking system for all town municipalities and boards of Education.

### **New Business**

**It was moved by Councilor Merritt, seconded by Councilor Rivers and voted unanimously to recommend an extension of contract for Blum Shapiro for one year.**

### **Adjournment**

**It was moved by Councilor Merritt, seconded by Councilor Rivers and voted unanimously to adjourn the meeting at 6:15 p.m.**